



**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, Illinois 60602**

Minutes for the September 22, 2016 Meeting

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

Call to Order and Roll Call at 9:30 a.m.

Investment Committee

in attendance:

Mr. Lawrence Wilson, CPA (Chairman), Mr. John Fitzgerald, Ms. Alexis Herrera, Mr. Andrew Jatico, Mr. Bill Kouruklis, Mr. Patrick McFadden and Mr. Joseph Nevius.

Staff Present:

N. Hackett, M. Maratea, F. Vinzons, K. Quaye and C. Hollins.

Others Present:

A. Posey, J. Jackson, M. Joecken, S. Haskins – Callan.

Presenter(s):

I. Green – Piedmont Investment Advisors

1. Approval of June 23, 2016 Investment Committee Meeting Minutes;

Motion for Approval and Adoption of Minutes. It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the minutes of the June 23, 2016 Investment Committee meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Administrative Report;

a) 2016 Senate Committee on Pensions & Investments

- Ms. Hackett updated the Investment Committee on recent testimony provided to the Senate Committee by Fund Investment Staff and Callan Associates. Topics discussed included goal setting with regard to manager fees, diversity within private equity executive ranks and Callan's efforts specific to diversity and inclusion on a local and national level. In addition, Ms. Hackett explained that portfolio activity was driven by unprecedented liquidity events over the last 12 months. Moreover, Ms. Posey discussed Callan's efforts towards MWBE inclusiveness within Callan's

organization with the Investment Committee. Overall, the testimony and Senators' comments reflected a continued commitment to diversity and inclusion where appropriate balanced against funding challenges for the various Illinois plans.

- b) 2016 Illinois Utilization Report (results as of December 31, 2015);
 - Ms. Hackett informed the Investment Committee about the submitted annual Illinois-Based Firm Utilization Report to the Governor and General Assembly regarding the Fund's use of Illinois-based economic opportunity investments for 2015 as required by Public Act 96-0753. The submitted report reflects that Illinois-based investment managers represented 20.5% of Total Fund assets as of December 31, 2015. Ms. Hackett indicated that Illinois utilizations were generally consistent with the prior period as there was minimal transaction activity in 2015.
 - c) Diversified Global Asset Management (DGAM) Liquidation Update;
 - Mr. Vinzons updated the Investment Committee that approximately 80% or \$150 million had been received through mid-September 2016, and an additional \$13M is expected by month-end. Fund Investment Staff in conjunction with Callan and Carlyle will continue working to wind down the assets.
 - d) Consent to Piedmont/NCM Capital Merger;
 - Ms. Hackett informed the Investment Committee that the Fund received a formal letter indicating that Piedmont would be merging with NCM Capital and invited Mr. Isaac Green, President and CEO of Piedmont, to present to the committee.
3. Manager Presentation;

Mr. Green attended the meeting to introduce Piedmont to the Committee and address questions regarding the merger with NCM Capital. Mr. Green further acknowledged that there would be no changes to the investment process for the existing strategy. At the conclusion of the presentation, the committee proposed a motion to consent to the merger.

Motion for Recommendation to the Board to Consent to the NCM/Piedmont Transaction.
It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Fund recommend to the Board that Cook County provide written consent to the NCM/Piedmont transaction and the assignment to Piedmont of NCM's obligations and rights under the current Investment Management Agreement per the Investment Advisors Act of 1940.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

4. Cook County Performance Review;

Mr. Jackson provided general market commentary and reviewed the second quarter 2016 performance for the Cook County Fund as prepared and presented by Callan. The Cook County Fund had a market value of \$8.5 billion and outperformed its custom benchmark 2.09% (vs. 1.73% benchmark) during the second quarter. Absolute performance was driven by the portfolio's real estate strategies while relative outperformance was primarily driven by hedge funds in the second quarter. The Cook County Fund outperformed its custom benchmark for the three year period 6.37% (vs 6.36%) and the five-year period 6.53% (vs. 6.14%). The Cook County Fund increased in value during the second quarter as investment

returns of \$174.7 million exceeded net withdrawals of approximately \$76.9 million. As of June 30, 2016 assets were underweight fixed income and slightly overweight positions in the other asset classes. Moreover, Mr. Jackson noted that during the quarter, the portfolio continued its progress towards its target allocation to private equity, funding an additional \$16.2 million to the asset class. Finally, the committee requested that any recent findings concerning Herndon Capital's mandate retention or termination be brought to the next Board meeting for further consideration.

5. Forest Preserve Performance Review;

Mr. Joecken provided general market commentary and reviewed the second quarter 2016 performance for the Forest Preserve Fund as prepared and presented by Callan. The Forest Preserve Fund had a market value of \$188.9 million and outperformed its custom benchmark by returning 1.81% (vs. 1.62% benchmark) during the second quarter. Absolute performance was driven by real estate while relative performance was primarily driven by hedge funds (+2.57%) in the second quarter. Performance for the three year period exceeded the benchmark at 7.47% (vs. 6.30%) as well for the five-year period at 7.62% (vs. 6.33%). The Forest Preserve Fund increased in value during the first quarter as investments returns of approximately \$3.9 million offset net withdrawals of \$3.4 million. As of June 30, 2016 the portfolio was underweight fixed income and overweight in domestic and international equities.

6. Cook County Real Estate Asset Class Review;

Ms. Haskins presented a market overview of the real estate market including economic growth and general investment themes. In addition, Ms. Haskins provided a portfolio overview of Cook County's real estate allocation. Ms. Haskins noted that Cook County had a net asset value of \$845 million and an additional \$48 million in unfunded commitments with varying vintages as of June 30, 2016. The funded allocation plus commitments represents approximately 10.5% of the overall investment portfolio compared to the 8% target allocation to real estate. Ms. Haskins noted that the overweight is due to the non-strategic REIT position. Ms. Haskins also noted strong absolute performance over recent time periods.

7. Forest Preserve Real Estate Asset Class Review;

Ms. Haskins provided a portfolio overview of the Forest Preserve Fund real estate allocation. Ms. Haskins noted that the portfolio had a net asset value of \$18.5 million and no unfunded commitments as of June 30, 2016. The allocation represents approximately 9.8% of the overall investment portfolio compared to the 9% target allocation to real estate.

8. Adjournment.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the meeting be adjourned.

[Vote Result:](#) MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE